



June 13, 2016

Dear Valued Customer:

As you are aware, we began our new commercial program on April 1, 2015. As part of this new strategy, we are requiring a quarterly **system** generated inventory report from each customer. **The report needs to include a creation date and the company name to be considered proper documentation.** This report will be used to determine the inventory stocking discount for the following quarter.

The report should reflect the standard commercial inventory level as of or close to June 30, 2016. To ensure you receive your desired stocking discount, please have your orders in by June 15. Units on order but not yet received on June 30 will not count towards your June 30 inventory balance. We realize your organization will continue to sell standard commercial product through the end of the month, so we will allow up to a 3% variance of the minimum stocking level to achieve the desired stocking discount.

Inventory reports must be received by July 11, 2016 to ensure you receive your appropriate stocking discount. If we do not receive an inventory report, the stocking discount will be zero. If your inventory level has changed from your initial level, your multiplier will be adjusted by July 21st. All reports should be sent to the pricing department at the following email address: **wtw@hotwater.com**

Regards,

A handwritten signature in black ink that reads 'Randy Kundert'.

Randy Kundert
Director of Pricing and Program Administration

